

Message Text

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PAGE 01 STOCKH 00116 120817Z
ACTION EB-07

INFO OCT-01 EUR-12 EA-09 ISO-00 AGRE-00 COME-00 TRSE-00
OMB-01 STR-04 SP-02 L-03 H-02 CIAE-00 INR-07 NSAE-00
/048 W

-----120821Z 014600 /17

R 111548Z JAN 77

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 9501

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

UNCLAS STOCKHOLM 0116

E.O. 11652: N/A

TAGS: ETRD, EAGR, SW

SUBJECT: COFFEE PRICES

REF: STATE 4789

1. SWEDISH REGULAR GRIND COFFEE IS APPROXIMATELY THE SAME AS
US DRIP GRIND. REGULAR ROASTED GRIND COMPARABLE TO US WOULD
BE SPECIALLY GROUND. PRICE OF SWEDISH REGULAR GRIND WAS
RAISED FROM \$3.22 PER POUND TO \$3.50 ON JANUARY 1. A FURTHER
INCREASE OF 50 CENTS TO \$1 IS NOW BEING CONSIDERED. PRICES
ARE NEGOTIATED BETWEEN ROASTERS AND PRICE CONTROL BOARD.
BOARD'S DECISION IS NOT BINDING, BUT IS GENERALLY FOLLOWED.
MARK-UP IN RETAIL ESTABLISHMENTS IS ALSO NEGOTIATED BY
RETAILERS AND PRICE BOARD. MOST RECENT RISE INVOLVED A
25 CENT INCREASE IN PRICE OFFERED BY ROASTERS. REMAINING
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4 CENTS OF PRICE RISE WAS ACCOUNTED FOR BY RETAILERS
AND VALUE ADDED TAX. IT IS NOT UNCOMMON, OF COURSE, FOR
STORES TO PUT COFFEE ON SPECIAL SALE OR TO USE COFFEE
AS LOSS-LEADER.

2. PRICES OF INSTANT COFFEE ARE NOT REGULATED, BUT
COVER A VERY WIDE SPECTRUM ACCORDING TO SIZE OF RETAIL

CONTAINER AND BRAND. LARGEST CONTAINER --200 GRAMS--OF
 CHEAPEST BRAND SELLS FOR \$12.69 PER POUND. SMALLEST
 SIZE--50 GRAMS--AND MOST EXPENSIVE BRAND SELLS FOR
 \$19.50 PER POUND. AS IN THE CASE OF REGULAR GRIND,
 THESE ARE RECOMMENDED PRICES AND MAY BE EXCEEDED OR MARKED
 DOWN BY INDIVIDUAL MERCHANTS. PRICES OF OTHER BRANDS
 AND SIZES VARY BETWEEN EXTREMES GIVEN ABOVE.

3. SWEDISH IMPORTS OF COFFEE WERE AS FOLLOWS IN THOUSAND OF
 METRIC TONS:

1975 JAN/OCT 1975 JAN/OCT 1976

UNROASTED COFFEE	111	95.2	95.6
ROASTED COFFEE	0.2	0.1	0.8

IN VALUE TERMS FOR THE SAME YEARS, IN MILLIONS OF
 DOLLARS AND PER CAPITA CONSUMPTION FIGURES IN CURRENT
 PRICES IN PERCENTAGES:

1975 JAN/OCT 1975 JAN/OCT 1976

UNROASTED	\$178.4	145.8	251.1
	(21.76)	(17.78)	(30.69)
ROASTED	0.48	0.42	2.4
	(0.06)	(0.05)	(0.29)

ALTHOUGH PER CAPITA FIGURES HAVE LITTLE MEANING FOR A
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10 MONTH PERIOD, THEY ILLUSTRATE THE MARKED JUMP IN
 PRICES HERE. AS CAN BE SEEN, THERE IS LITTLE INDICATION
 OF HIGH PRICE ELASTICITY IN DEMAND FOR COFFEE IN
 SWEDEN. EXCHANGE RATE FOR 1975: \$1 EQUALS 4.15 SKR.

4. WE HAVE USED \$1 EUAL SKR 4.12 FOR CONVERSION PURPOSES
 IN PARA 1, ALTHOUGH STEADY DECLINE IN DOLLAR VALUE OVER
 RECENT MONTHS MAKES CHOICE OF THIS EXCHANGE RATE SOME-
 WHAT ARBITRARY.
 SMITH

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